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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

PROGRAMME BUDGET FOR THE BIENNIUM 1992-1993

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Tenth report of the Advisory Committee on Administrative and Budgetary Questions

Proposed programme budget outline for the biennium 1994-1995

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposed programme budget outline for the biennium 1994-1995 (A/47/358). During its consideration of the report the Committee was provided with additional information by representatives of the Secretary-General.

2. Introductory and background material is provided in paragraphs 1 to 3 of the Secretary-General's report. The Secretary-General states in paragraph 3 of his report that the proposed outline for the biennium 1994-1995 relates to a biennium that will reflect fully the effects of the restructuring of the Secretariat undertaken in the course of 1992.

3. Furthermore, the outline reflects the changes in the preparation of the programme budget that are being proposed in the context of the report of the Secretary-General to the General Assembly at its forty-seventh session under the terms of section VIII of General Assembly resolution 46/185 B of 20 December 1991 (A/C.5/47/3). The methodology has been simplified and the outline does not involve a complex revaluation of the resource base nor does it reflect a specific treatment of non-recurrent items for the calculation of growth.

4. The Advisory Committee requested information to update the estimated impact on the budget outline of the statements of programme budget implications and revised estimates that have been considered or are awaiting consideration at the forty-seventh session of the General Assembly. The Advisory Committee has been informed that, in the best judgement of the Secretary-General, the related estimated costs, at initial 1992-1993 rates, are now estimated at $21.2 million ($17.7 million for regular expenditure and $3.5 million in capital expenditure).

5. Of this total $16.8 million has already been anticipated in the Secretary-General's preliminary estimate. In keeping with past practice, it would be necessary to add $4.4 million to the preliminary estimate.

6. As indicated in paragraph 5 of the Secretary-General's report, budgetary growth is projected at $4.0 million. This is the net result of a number of factors, which are explained in paragraph 6 of the report.

7. In paragraph 6 (a) of the Secretary-General's report a number of additional requirements are mentioned; among them is an amount of $28 million for preventive diplomacy and peacemaking missions. The Advisory Committee believes that by their very nature those activities are generally unpredictable. The experience gained in one biennium is not necessarily an indication of what will be encountered in the next. Furthermore, the Advisory Committee believes that the General Assembly, in its resolution 46/187 of 20 December 1991 on unforeseen and extraordinary expenses, adequately provides for any unexpected activity. The Advisory Committee therefore recommends that provision for such activities should not be included in the outline for 1994-1995.

8. Furthermore, the Advisory Committee recalls the provision in annex I to resolution 41/213 of 19 December 1986 that "a comprehensive solution to the problem of all additional expenditures, including those deriving from inflation and currency fluctuation, is also necessary". The Advisory Committee therefore requests the Secretary-General to refine further his proposal for the treatment of estimates for preventive diplomacy and peacemaking by defining the nature of those estimates and to what extent they are predictably recurrent, and by proposing a methodology for the treatment of such estimates both in future outlines and in proposed programme budgets. The Secretary-General's analysis in that regard should be available to the Advisory Committee by the spring of 1993.

9. Paragraph 6 (a) of the Secretary-General's report also refers to an amount of $99.5 million for capital expenditure. Although that amount is at the level of the projected revised appropriation for 1992-1993, the Advisory Committee nevertheless intends to monitor developments in that regard in the context of its examination of the proposed programme budget for the biennium 1994-1995.

10. The Advisory Committee was informed that for the purpose of those estimates the vacancy rate for posts in the Professional category was calculated at 5 per cent and for posts in the General Service category at 0.5 per cent. However, more recent information provided indicates the vacancy rate for posts in the General Service category at 1.4 per cent. The Advisory Committee intends to pay particular attention to the vacancy rate when it examines the proposed programme budget for the biennium 1994-1995.

11. Taking into account paragraphs 4, 5 and 7 above, the total preliminary estimate recommended by the Advisory Committee at initial 1992-1993 rates is $2,386.4 million.

12. In keeping with past practice, it is also necessary to take into account updated forecasts for inflation for the next biennium and the latest available rates of exchange. According to information provided by the Secretary-General, adjustment to revised 1992-1993 rates would require an addition of $53.7 million. The subsequent adjustment to 1994-1995 rates would require a further addition of $262.6 million.

13. As shown in the table below, the total preliminary estimate recommended by the Advisory Committee for the biennium 1994-1995 corresponds to $2,702.7 million at 1994-1995 rates as currently projected by the Secretary-General:

	Millions of United States dollars	
1. Secretary-General's preliminary estimate at initial 1992-1993 rates	2 410.0	
2. Recommendations of the Advisory Committee on Administrative and Budgetary Questions	(23.6)	
Subtotal at initial 1992-1993 rates		2 386.4
3. Adjustment due to recosting at revised 1992-1993 rates	53.7	
4. Adjustment due to recosting at 1994-1995 rates	262.6	
Total		2 702.7

14. The size of the contingency fund is discussed in paragraph 13 of the Secretary-General's report. As has been the practice during the past two biennia, the size of the contingency fund as a percentage of the overall level of resources has been approved at 0.75 per cent. For the biennium 1990-1991, the level of the fund in United States dollars amounted to $15 million, of which approximately $3.2 million remained available at the close of the biennium. For the biennium 1992-1993, the dollar amount of the fund was set at $18 million while the available balance following decisions of the General Assembly at its forty-sixth session is $15.2 million. The Secretary-General therefore recommends that the level of the fund be maintained at 0.75 per cent of the overall level of resources for the biennium 1994-1995, amounting to approximately $20 million. The Advisory Committee concurs in that recommendation.

Prototype of a new budget format

15. The Advisory Committee has also considered the report of the Secretary-General on the prototype of a new budget format (A/C.5/47/3). The Committee welcomes the changes, which, it believes, will greatly simplify the budget document, and intends to comment on them in greater detail and in particular on changes in methodology when it examines the proposed programme budget for the biennium 1994-1995.

16. While noting the proposals made by the Secretary-General, the Committee requests that he ensure that Part I of the new proposed programme budget is clear and concise. In other words, as outlined in paragraphs 5 and 6 of his report, that part of the new budget document should provide an overview rather than technical information, with a limited number of tabular annexes.

17. In that connection, the Committee suggests that the annexes to both parts of the new document as currently proposed be re-examined with a view not only to simplifying the annexes but also, particularly as regards Part II of the document, to determining which annexes should be retained. In the opinion of the Advisory Committee, some of the annexes as envisaged may prove to be too technical for the general user and/or superfluous; some of them could be provided separately for the use of the Advisory Committee and the Committee for Programme and Coordination.

18. The Committee notes the proposals in paragraphs 11 and 12 of the report with regard to the relationship between sections, departments and major programmes of the medium-term plan. The Committee points out that a balance must be struck in the volume of resources to be administered by programme managers between the flexibility required by the Secretary-General and the need for adequate legislative scrutiny and control. It should also be borne in mind that it is difficult to administer a budget that fails to correspond to the structure of the Secretariat. The Advisory Committee will scrutinize the Secretary-General's presentation in the context of its examination of the proposed programme budget for the biennium 1994-1995.

19. The Advisory Committee trusts that the new budget document will contain consistent treatment of estimates for policy-making organs and executive direction and management. The aim should be to ensure comparability of estimates for those activities between sections.

Procedures and norms for the creation, suppression, reclassification, conversion and redeployment of posts

20. In considering the note submitted by the Secretary-General with regard to the procedures and norms for the creation, suppression, reclassification, conversion and redeployment of posts (A/C.5/47/4), the Advisory Committee recognizes that the document is a preliminary response to General Assembly resolution 46/185 B, section II; it summarizes the existing procedures for changes in the staffing table and suggests possible directions for improvement.

21. As described in various parts of the document, the Committee notes the constraints in the establishment and application of uniform workload standards for determining the relative grading of functions within the Organization. The Committee notes from paragraph 10 of the document that so far workload standards have only been established and applied to Language Services in the Office of Conference Services and that there are significant constraints to extending those techniques to other areas of work. However, the Committee was informed that the results of an internal survey on the subject indicate that there may be a possibility of establishing workload standards for procurement activities. The Committee welcomes this prospect and believes that, to the extent possible, activities that can be quantified should be included in the exercise; this should not preclude qualitative reviews.

22. In paragraph 14 of his note the Secretary-General indicates that "ideas such as the possibility of integrating levels P-2 to P-4 for budgetary purposes or budgeting staff in terms of work-months, could also rationalize and expedite the consideration of staffing table proposals". In other words the Secretary-General proposes to budget Professional posts at levels P-2 to P-4 at a single level in the same manner as G-1 to G-6 posts are budgeted for as a group.

23. The Secretary-General indicates that that proposal, while not undermining the integrity of the classification system, will simplify budgetary procedures and increase managerial flexibility in the management of posts. As mentioned in paragraph 37 of his report on career development (A/C.5/47/6), which the Committee had before it, the Secretary-General also cautions that in order to ensure that an appropriate spread of staff at the P-2 to P-4 levels would continue to exist, maximum percentages for each level would be established for each office or department. Those levels would be used with flexibility within the established limits with the understanding that posts used at a higher level than the classified one would revert to their classified level after the incumbents concerned moved. The Advisory Committee does not object to the basic idea advanced by the Secretary-General. However, subject to any decision that the General Assembly may wish to take in the context of

item 112, on personnel questions, the Advisory Committee recommends, at this stage, for budgetary purposes, that that integration be instituted in two parts, namely levels P-1 and P-2, and P-3 and P-4.

Extrabudgetary resources of the United Nations

24. The Advisory Committee also considered two reports with regard to extrabudgetary resources of the United Nations and related activities (A/46/545 and A/C.5/46/56). Given that those reports had been submitted to the General Assembly at its forty-sixth session but could not be considered at that time, the Committee believes that some of the information contained in the reports is outdated. The Committee will therefore confine its comments to certain basic elements contained in the reports, pending receipt of updated information in due course.

25. The report on extrabudgetary resources of the United Nations (A/46/545) provides more in the way of information than proposals both for better use and planning of the need for extrabudgetary resources as well as how more scrutiny and control can be applied to that area of expenditure. Likewise, the question of the impact of extrabudgetary resources on programme priorities remains unclear. In that regard, the Advisory Committee notes the ongoing discussions on the subject in the Committee for Programme and Coordination and the General Assembly.

26. It is obvious from the report that there is a wide range of extrabudgetary funds. The Advisory Committee has, over the years, signalled its intent to become much more closely involved in the examination of those funds. At present the Committee undertakes regular reviews of the United Nations Fund for Drug Abuse Control (UNFDAC) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA); in addition, the Committee intends to pay close attention to that category of expenditure in the context of its examination of the proposed programme budget for the biennium 1994-1995.

27. The Advisory Committee therefore appreciates the proposals outlined in paragraphs 57 to 64 of the report, which would not only contribute to an improvement in forecasting of extrabudgetary resources but also improve transparency in presentation in the context of the new budget format with regard to extrabudgetary resources.

28. With regard to the issue of special-purpose contributions (paras. 37-39), the Committee believes that where donors attach conditions that are contrary to United Nations policy, the Organization's Rules and Regulations shall prevail. The Committee has expressed its views on the subject in the past and most recently in its comments on the Office of the United Nations High Commissioner for Refugees (UNHCR) in the report of the Board of Auditors 1/ as follows (A/47/500, para. 152):

"As to the acceptance of a contribution by UNHCR with an unfavourable clause, the Committee reiterates the Board's recommendation, ... that UNHCR is obliged to ensure that voluntary contributions are accepted and utilized in accordance with the relevant provisions of the Financial Regulations of the United Nations, the financial rules for voluntary funds, and, where applicable, United Nations Staff Regulations and Staff Rules."

United Nations office accommodation: reimbursement to the regular budget of the cost of accommodation for posts related to extrabudgetary activities (A/C.5/46/56)

29. In considering the above-mentioned report, the Committee notes that the regular budget of the United Nations bears a large portion of the cost of accommodation in respect of staff charged against extrabudgetary resources. The current situation with regard to the reimbursement to the regular budget of the cost of accommodation is outlined in paragraphs 10 to 28 of the report and recommendations in that regard are outlined in paragraphs 32 to 39. The Advisory Committee notes, however, that the information provided to it in the report is incomplete. As stated in paragraph 29 of the report with regard to collection of data on current occupancy of accommodation by regular budget and extrabudgetary staff, "not all data have been collected".

30. With regard to the recommendations contained in the document, related cost estimates have not been made available to the Committee on the basis of which it could make detailed comments. However, the report was prepared for the General Assembly at its forty-sixth session and needs to be updated. The Committee believes, however, that the principle of burden sharing should be maintained. While the Committee agrees with the proposal made in paragraph 32 of the document, that is, that rental be charged to specialized agencies, the Committee believes that the benefits to be obtained from charging rental from subsidiary programmes as outlined in paragraph 33 of the report are not obvious. The Committee intends to make more detailed comments and recommendations on the subject and to that end requests that an updated and thorough analysis of the situation be submitted to it so that it can be considered at the time the Advisory Committee takes up the proposed programme budget for the biennium 1994-1995.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 5E (A/47/5/Add.5).